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MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: James H. Taylor  
Comptroller

SUBJECT: Presidential Management Initiatives

1. You have been invited to appear at a cabinet meeting tomorrow to talk about "presidential management initiatives." Attached is a short memorandum by John McMahon which summarizes what the President and Jim Lynn will talk about. Also attached is a longer paper by OMB which gives some of the background on these proposals. The meeting apparently is designed to acquaint everybody with this new thrust and to guarantee that the follow-on letters will get an enthusiastic reception from us.

2. Five general topic areas are discussed. One is the need for better program evaluation. A second is concerned with the burden on the US public of government reporting requirements and is, I think, irrelevant to CIA. The third focuses on the question of the need to contract out with private industry as much activity as we can while holding our internal overhead down. The fourth asks for renewed commitment to good personnel management including executive development, position management control, etc. The fifth is concerned with establishing good decision making processes in government organizations.

3. Frankly, pieces of this are OMB at their worst, but we, like everyone else, will have to go along with the gag. For the most part I think we can explain in our response to OMB that we are deeply committed to all these goals and carrying them out already, but you will need to assure yourself that. This is the case. There is action here for the Comptroller and the DDA and perhaps other parts of the organization, but as I understand it, nothing needs to be done until the presidential and OMB letters are in hand.

James H. Taylor

Attachments:  
As Stated

STAT

PMI White House Box

DCI/IC 76-0151

19 July 1976

MEMORANDUM FOR THE RECORD

SUBJECT: Presidential Management Initiatives

1. At a meeting in OMB on 19 July, I was advised of a forthcoming requirement imposed by OMB under a program titled Presidential Management Initiatives.

2. It is planned that in the very near future the President will hold a cabinet meeting attended by heads of agencies which will cover the full range of management issues in the Government. The program involves an evaluation of current programs, an effort to reduce the burden of Federal regulations and reporting, programs for personnel management, reduction of overhead costs and encouragement for greater use of the private sector, and an effective decision-making process.

3. Following the cabinet meeting, OMB will task each agency by letter to initiate a plan which will permit the program evaluation as well as establish a schedule of accomplishment.

4. Under "Evaluation of Current Programs," the plan is to devise a program impact evaluation also known as zero base evaluation, with a statement of whether or not the program is meeting its objective. This is somewhat akin to the "sunset" laws, particularly the Muskie/Roth proposal which set a five-year limit on all programs, at which time they would expire. The evaluation should cover the efficiency of the program as well as develop the priorities of it, and within 60 days establish an evaluation unit within each agency to perform the improvement and evaluation effort. This unit should report directly to the agency head. The agencies will also be instructed by OMB to devise their management plan which would be incorporated with the FY 78 budget submission. There is further stipulation that within 30 days of the cabinet meeting, the agencies must identify 10 efficiency evaluation topics and be prepared to report on the progress of them on 31 December 1976, as well as at the end of FY 77. If an agency does not have 10, it must explain why.

5. The management plan called for by OMB should identify:
- a. those programs that should receive program impact or efficiency evaluation on a regular basis;
  - b. the proper timing and frequency of the evaluation;
  - c. the proper design of it;
  - d. the amount of public participation;
  - e. interagency coordination; and
  - f. the coordination of the evaluation with the budget process and policy decisions.

6. Under Reduction in the Burden of Federal Regulations and Reporting, the President's desire is to reduce the reporting by the public to the Government by 15% before the end of FY 78. This obviously does not apply to CIA.

7. Under Contracting Out and Holding Down Overhead Costs, one should refer to OMB Circular A-76. Here we are encouraged to reduce travel, insure efficiency in ADP practices, use wisdom in cash management, watch the growth of reproduction equipment and audio/visual activities, limit the use of telephone and mail, insure good utilization of space, etc. Also, under this category the Government agencies will be urged to make greater use of the private sector thus reducing the growth of Government. GSA will be commissioned separately to review all Government office space as well as to rewrite the Federal Property Management Regulation.

8. There is also great concern regarding personnel management, not only in grade creep which the Government is experiencing, but also sheer growth. Example as follows:

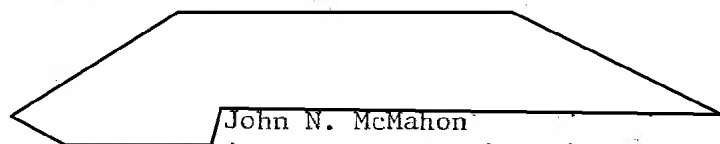
|      | <u>HEW</u> | <u>Justice</u> | <u>Treasury</u> | <u>VA</u> |
|------|------------|----------------|-----------------|-----------|
| 1966 | 99,000     | 33,000         | 90,000          | 169,000   |
| 1975 | 141,000    | 51,000         | 119,000         | 209,000   |
| 1976 | 150,000    | 53,000         | 123,000         | 222,000   |

9. Under the Initiative Program agencies will be required to devise a system to insure that the best qualified are hired and advanced, and a program established to identify at mid-career those

personnel selected for executive development, not only through the experience of the right kind of jobs, but also training. There will be particular encouragement for executive selection and development and a system requested which will permit the identification of high-potential employees. A PMCD type unit will be required as well as the establishment of some means for measurement of productivity.

10. Decision-making and Departmental Organization is an effort to insure that a system exists for identifying the priority objectives and to insure that decisions are made only after considering all the factors. Some expression of an internal management information system as well as the means of a centralized evaluation for all programs exist. Concern is expressed over "layering"; i.e., the propensity in Government to have assistants, deputy assistants, special assistants, etc. It is noted that ERDA has requested 46 more supergrades, with 86 of their present 446 supergrades in the assistant or special assistant categories.

11. In looking through the attached items, I noted that the IC Staff could speak to the National Foreign Intelligence Program to some degree concerning program evaluation, training, a portion of ADP management as it pertains to Information Handling, and policy development. I indicated that the bulk of the items should rest with the individual agencies of the Intelligence Community, and I would pass on the information I had to Jim Taylor of CIA and the administrative people, and that I would have Jim Taylor contact Everett Keech directly in behalf of CIA.



John N. McMahon  
Associate Deputy to the DCI  
for the Intelligence Community

cc: Comptroller  
DDA  
D/OPBD  
D/OPEI  
D/OPP  
IC/Registry

Attachment:  
As stated above

P.S. Hopefully, in the near future we will receive from OMB all of the above in writing. Presumably, it will make more sense then than now. J.N.M.

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Presidential Management Initiatives

A. Evaluation of Current Programs

1. Program Evaluation. Reopening, on a priority list basis, old programs for complete reexamination as to whether they are being run as well as possible.

2. Public Hearings. As part of such reviews, holding public hearings.

B. Reduce Burden of Federal Regulations and Reporting

3. Review of Regulations. As part of such priority reviews, republishing for comment, existing regulations as if the programs involved were new.

4. Paperwork Reduction. Progress on the paperwork problem including systematic ways to review better the burden imposed by old and new paperwork requirements, including, on a selective basis, inviting comments and holding hearings in advance of each renewal and each proposed new paperwork burden.

5. Uniform Administrative and Financial Requirements. Review and design of standard financial and administrative requirements for programs for which uniform guidelines do not exist.

C. Personnel Management

6. Grade Creep. "Grade creep," e.g., the tendency of average General Schedule grades to move up over time in ways that are not justified. (This is very costly.)

7. Training and Advancement. Identification of and training and advancement opportunities for personnel having management promise.

8. Productivity Measurement. Improving productivity measurement and extending such measurement to functions not presently covered, as a means of judging both managers and individual staff performance and improving productivity.

D. Overhead Cost & Use of Private Sector (A-76)

9. Layering. Surveying middle management structures to ferret out "layering," e.g., assistants to assistants, assistants to deputies, etc.

10. Travel Expense. Achieve expected results from the current effort to cut travel expense.

11. Audio-Visual and Equipment Expense. Improve management of audio-visual activities and implementation of the task force report on audio-visual expense; reduce equipment purchases; require more efficient use of reproduction and retire file records to storage.

12. Overhead Cost Control. Plans for development of a system to hold down overhead cost. Critical examination of overhead cost.

13. Overhead Cost. Reduction of equipment purchases, require more efficient use of reproduction equipment, retire files.

14. Cash Management. Modernizing agency cash management practices to reduce the amount of borrowing Treasury has to do to meet Government-wide cash needs.

15. Contracting Out. Use of the private sector more and "in-house" personnel less to carry out Government programs.

16. ADP Management. Reducing the cost of data processing and eliminating unnecessary and marginal computer workload.

17. Mail Management Practices. Review of mailing practices with the thought of modifying mailing procedures as suggested by NARS.

18. Appropriate Utilization of Space. Review of current use of space. Agencies have expanded space holdings at a greater rate than personnel expansion would require.

E. Effective Decisionmaking and Departmental Organization

19. Public Hearings. As part of such reviews, holding public hearings.

20. Accountability Audits. Upgrading audits, particularly of inter-Governmental programs, to assure public accountability for tax dollars. (Consider "audit committees" of the type used so extensively in industry.)

21. Accounting Systems. Plans for making accounting system more responsive to management needs.

22. Policy Development and Management Organization. The need in each agency for a policy and management unit that reports directly to the Secretary, does not have programmatic responsibility, has enough expertise to give the agency head and the heads of programs first-rate advice on policy and management matters free of programmatic biases and follows through to see that policy and management objectives are carried out.

Followup on Presidential Management Initiatives

I. Plan of Action

1. The President will send a followup memorandum to the agencies the day after the meeting in order to confirm key points made.
2. Jim Lynn will send a followup letter one day after the President's memo which provides more detailed instructions, including a suggested format for the agencies' plan of action.
3. The agencies will provide to the President thru Jim Lynn, OMB, an individually tailored plan of action for response to Presidential Management Initiatives for each of the five major issues within 30 days of the Presidential meeting. Agencies are also required to designate a high level official (Deputy Secretary, Under Secretary, Deputy Administrator) as a point of contact who will have responsibility for this effort.
4. The agency plan will be reviewed by OMB/PADs/DADs with M&O doing necessary crosscutting summaries. Director will respond to each Secretary on his/her agency plan with ideas for modification revision, agreement, etc., within 10 days, and will call for a revised plan and the first one-page monthly status report.
5. The OMB internal plan delineates the responsibilities of and relationships between the PADs/DADs and M&O.
6. The President will hold a meeting in September to provide feedback on the plans, as modified, assess progress and determine the appropriate future direction.

EVALUATION OF CURRENT PROGRAMS

Improvement of the evaluation processes of departments and agencies must be emphasized as an essential priority in achieving better management of the executive branch.

Statement of Problem:

There is widespread disenchantment with the pervasive growth of government, with its duplication, red tape and waste, and with the seeming inability of many programs and activities to accomplish their intended purposes. A good part of the problem stems from the failure of agencies to establish effective systems for accomplishing comprehensive, program impact evaluations as well as efficiency evaluations, which could demonstrate that programs are working well or provide the basis for corrective action.

In addition, agency evaluation practices generally do not provide for adequate input from the public or for inclusion of evaluative findings in their budget and management processes, and all too often the evaluations themselves are not objective.

Analysis:

It is useful to distinguish between two basic types of evaluations in discussing this issue.

1. Program Impact Evaluations

The most complicated and time-consuming evaluations are the comprehensive assessments of program impact -- sometimes called zero-base evaluations. Such evaluations attempt to determine whether a program is adequately and effectively meeting its objectives as established (or perceived) in statute or regulation. Program impact evaluations also seek to determine the extent of unintended adverse consequences of a program. The ultimate question probed in such evaluations is whether it is worthwhile to continue the program at all. Sometimes the answer is yes. Sometimes the answer is yes, but only if important changes are made. Sometimes the answer is no -- the program is the wrong approach to the objective -- in which case the solution may range from no Federal involvement at all to something at the other end of the spectrum, like a proposal of an even broader Federal program.



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Such programs often take a number of years to design and complete, and often crosscut other program areas in one or a number of agencies or crosscut other levels of government. For example:

- An elaborate evaluation of Title I of the Elementary and Secondary Education Act is getting underway. (Title I is aimed at meeting the special needs of educationally disadvantaged children.) The evaluation study is expected to take seven years -- at a cost of more than \$6 million for the first two years. The design and measurement techniques present a formidable task due to the diversity of projects and the varied approaches taken by State and local educational jurisdictions in pursuing corrective programs. This evaluation illustrates another problem -- getting the timing of evaluations to fit necessary timing for corrective proposals. The President's block grant proposal for education antedates completion of the study; it would have been more useful if we had had the benefits of the study during the design of the block grant proposal.
- Similarly complex is an evaluation of the Comprehensive Employment and Training Act -- wherein a national sample of participants in training and employment programs and of State and local program sponsors is followed to determine, over a period of years, the impact of the programs on the employment and earnings of participants, and the effectiveness and cost of the delivery systems.

The present congressional efforts toward enactment of so-called "sunset" laws (notably the Muskie-Roth bill presently in mark-up in the Senate) which call for expiration of almost all programs on a five-year basis also incorporate requirements for zero-base evaluations of each program on more or less the same five-year cycle. Not surprisingly, they are encountering substantial drafting problems. For example, not all activities are appropriate for zero-base review (e.g., whether to have U.S. attorneys). Further, fixed timetables do not provide sufficient flexibility. Some programs might well be so evaluated more often than once every five years. Others less often than five, particularly in view of the fact that the particular evaluation just completed may have taken three to seven years.

The simple truth is that to achieve the desired objective with requisite flexibility, systematic processes for program impact evaluations are best left to executive branch action; that is what the Administration is already doing to a limited extent and will be improving by virtue of Presidential directions following the management meeting. Where congressional cooperation is most needed is in getting congressional committees to pay attention to good evaluations. Under interest group pressures to keep all old programs, no matter how bad, and to keep adding new ones, the committees ignore evaluations that would support substantially changed policies and programs. A good example is that nowhere in the committee reports or conference report on the recently enacted housing bills can we find even one reference to the 1973 housing study which points out the problems of public housing.

## 2. Efficiency Evaluations

The second type of evaluation may be generally categorized as efficiency evaluations. Such studies do not question the need for or intent of the program. Efficiency evaluations may focus on a given segment of a program to determine if there are ways of achieving costs savings, or a more efficient approach to providing service delivery under the program, or a less burdensome way to achieve the programmatic objectives.

Most of the self-initiated evaluations undertaken by agencies are of this type, such as:

- An evaluation of cost-reduction alternatives in meat, poultry, and egg inspection;
- An evaluation of improved procedures for collecting, organizing, and disseminating environmental data to the public; and
- An evaluation of OSHA regulations and FEA oil regulations to see how they can be made less burdensome (which is being done on a White House Task Force basis).

The importance of efficiency evaluations can hardly be exaggerated. Over a period of time most programs become encrusted with barnacles of regulations and paperwork which have little or no bearing on achieving the objectives of their underlying statutes. One of the most pressing needs is for each agency to select (systematically each year) programs for evaluation on what the OMB Director calls a "brand new law basis." Using this technique, the agency should ignore all the regulations and forms that have been built up under a program (or group of related programs with similar objectives), and look at the program as if the

authorizing statute had established flexibility. Approved For Release 2005/06/06 : CIA-RDP79M00467A003100100011-5  
What does the statute allow? What do we really want the program to do? What regulations and forms are really necessary? What amendments to the authorizing law would help? Usually, agencies should hold public hearings and invite written submissions from the public to get a wide range of views before answering these questions. This kind of review can have big payoffs, not only in programs that deliver more, but also reduce administrative costs, paperwork, and other burdens on the public, whether individuals, businesses, or State and local governments.

By and large, there is little evidence of broad personal interest in evaluation on the part of agency heads. There is substantial activity -- Federal expenditures for evaluation studies (narrowly defined) are now approaching \$150 million annually. However, many of the studies prove to be of marginal relevance to policy deliberations; evaluation priorities are rarely established at the agency head level. Too often, an evaluation is made simply as "insurance" -- to be able to point to the outside contractor's blessing of the program if and when criticism of the program comes. The situation is characterized by general unevenness -- some successes, some failures. Unfortunately, good evaluation systems -- either for program impact evaluations or efficiency evaluations -- are still the exception, not the rule.

OMB has been stressing the need for the development of priorities and schedules for evaluations of various kinds and the importance of linking these findings to the budget process. OMB has been selling the concept of better -- not more -- evaluations and prioritizing the evaluations to be done as tools for improving program management and for identifying both the programs that should be junked and the new approaches that should replace the old. There has been a little progress, but we still have a very substantial way to go.

#### Proposed Actions:

The agencies should:

1. Within 60 days after the meeting, report to OMB with respect to the establishment (or improvement) of a policy and evaluation unit within the agency reporting directly to the agency head. This subject will be more fully discussed under "Decisionmaking and Departmental Organization" (Tab F).

2. Submit in accordance with OMB guidance which will follow this meeting, a management plan (to complement the agency budget submission for FY 1978), and as part thereof describe the agency's proposed program impact evaluations to be completed or at least started in FY 1977, FY 1978, and FY 1979. These plans will be reviewed and finalized in the course of development of the FY 1978 budget.
3. Submit to OMB within 30 days after this meeting ten efficiency evaluations -- determined on a priority basis -- now under way or planned (a) for the period through December 31, 1976 and (b) to the end of FY 1977, all with timetables for completion. If the agency can't identify or handle ten, it must at least explain why not.
4. In the management plan referred to above, provide for systems that will assure (a) identification of those programs that should receive program impact and/or efficiency evaluations on a regular basis, (b) the proper timing and frequency, (c) proper design, (d) proper public participation in design and implementation, (e) proper interagency coordination in such evaluations, and (f) that such evaluations are properly coordinated with the budget process and policy-making.

BACKGROUND PAPER

REDUCTION IN THE BURDEN OF FEDERAL  
REGULATION AND REPORTING

The initiative is to accomplish a substantial reduction in the time spent by individuals, State and local officials, and businesses in dealing with Federal regulations, including paperwork, filling out forms and providing information required or requested by the Federal Government.

Statement of Problem:

The public believes that Federal Government agencies ask too many questions about too many things too often for no understandable purpose. This is clear from: (1) correspondence received from individuals, from organizations, from Congressmen, from businesses, farmers, State and local governments and universities and hospitals; (2) from a continuing flow of complaints in congressional hearings and from hearings before the Commission on Federal Paperwork; and (3) from comments in the Congressional Record and from a wide variety of legislation introduced to deal with this problem.

In addition, the administrative management burden that the Federal grant system imposes on State and local governments as well as on the private sector is staggering. The complaints from State and local officials can be summarized as follows: Federal administrative regulations are inconsistent, unnecessarily restrictive, inflexible, overlapping and insensitive to local needs and differences. Their combined impact increases program costs, complicates program administration, expands State and local bureaucracies, and distorts or slows the original intent of the Federal program.

Analysis:

I. Reporting Burden Reduction

To the extent that the public outcry reflects opposition to certain public policies or aspects of public policy that the Administration believes are sound, there is no solution within the framework of any managerial initiative directed at public reporting per se. There will always be some criticism of governmental paperwork.

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However, they are also required to continually and rigorously examine their actual needs for and uses of information collected from the public.

If the executive branch is to be responsive to public criticism in this area, there must be a continuing top-level commitment in each agency to holding down public reporting requirements, and this commitment must be supported by operational means which will assure that the commitment is met.

The President's letter of March 1, 1976, to agency heads assigned personal responsibility to them to make this commitment. The guidelines established by the Director of OMB on March 2 provided an outline for them to use in establishing operational procedures to secure continuing adherence to this commitment.

The President's short-term goal of reducing the number of reports by 10% by June 30 was an effective means of securing top-level attention to the problem but only a beginning. The task of reducing the reporting burden remains.

Because 80% of the burden of Federal reporting, measured in work-hours, is related to responding to some 200 Federal forms, which is a small fraction of the total number of forms, eliminating forms does not necessarily have much impact on overall burden. Among relatively burdensome forms are many applications, such as those for passports and Medicare payments. Benefits are involved and clearly the forms are not going to be eliminated completely. Also Congress continues to pass laws which add to reporting burden as, for example, the recent pension legislation. Reducing burden, therefore, means working to simplify forms, looking for ways to reduce the total number of respondents, collecting data less frequently, and reviewing existing legislative requirements. These tasks are considerably more difficult than elimination of obsolete or marginally useful forms.

## II. Regulation Burden Reduction

This Administration has taken a number of steps to ease the Federal regulatory problem from the standpoint of the private sector of the economy. There is a need for a Presidentially directed effort by the major grantmaking agencies to attack the problem of Federal regulations affecting State and local government. This problem has now become the number one complaint that Governors, Mayors,

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and quality officials make about Washington. Evidence of the seriousness and urgency of this problem has come from many sources. We have testimony on the subject from State and local officials at each of the Domestic Council Forums held last fall. Federal over-regulation and program management were priority subjects discussed at the National Governors' Conference in February. The Advisory Commission on Intergovernmental Relations, the Commission on Federal Paperwork, and the National Science Foundation all have studied the issue recently.

Much of the problem is attributable to the great number and undue complexity of statutory programs. There has been a little legislative progress (e.g., the Community Development Block Grant program, and some new OMB grant simplification rules) but much more is needed, e.g., enactment of the President's recent block grant proposals and of the proposed Agenda for Regulatory Reform Act.

But much can also be done administratively. The proposed new food stamp regulations are an effort in this direction. It's obvious that systematic program impact and efficiency evaluations discussed under Tab B are vital to attacking both the paperwork and regulation problem. For example, "brand new law basis" reviews of existing programs (discussed under Tab B) may well be one of the best ways, particularly if related programs addressed to the same beneficiary or regulated groups are reviewed together in this manner.

### Proposed Actions

#### I. Reporting Burden Reduction

A. Agencies will be given the task of reducing the reporting burden on the public by 15% by the end of FY 1978 (which gives enough time for enactment and implementation of substantial reform through legislation), of which not less than 5% shall be realized by the end of FY 1977.

B. Recognizing that the opportunities for achieving these targets vary from agency to agency, OMB will direct agency head attention to specific programs which appear to have large reporting burdens that might be reduced, either by administrative action, new legislation or both.

Approved For Release 2005/06/06 : CIA-RDP79M00467A003100100011-5 OMB a tentative plan for reducing paperwork burden further with timetables through December 31, 1976, FY 1977 and FY 1978. To the extent possible, each agency should adopt the 15%-5% targets or better them.

D. Within 60 days OMB shall submit to the President a consolidated paperwork burden reduction plan for all of the agencies showing how the targets for FY 1977 and FY 1978 are going to be met or bettered. It will be understood that such plans are only tentative inasmuch as further review in the months that follow will probably show the impracticality of some of the steps provided in the tentative plans but also reveal additional initiatives. New program proposals developed for the State of the Union may well have these results.

Overall ceilings are to be established by OMB for the number of repetitive and single-time reports to be permitted. Present stringent short-term guidelines will come into effect automatically when ceiling is reached. Such guidelines may be introduced selectively for agencies which reach their assigned share of the overall ceiling even though the ceiling itself may not be reached for the executive branch as a whole.

E. OMB will develop and put into effect within 60 days additional standardized financial and administrative procedures to reduce the reporting burden. For example, public hearings and invitations for written comment from the public will be required, on a selective basis, with respect to proposed new forms or renewals of old forms. Where such a requirement is imposed the agency involved should consider expanding the review to be broader than just review of the particular form involved, e.g., expanding the review into an efficiency evaluation which includes the regulations involved, and where appropriate, a "brand new law basis" evaluation. New procedures will also include ways to assure that the paperwork burden implications of proposed new or modified laws or regulations are considered. One possibility being developed is by adding explicit requirements for paperwork burden assessment in the inflation impact statement process. Another is requiring paperwork assessments in Administration comments and testimony on congressionally initiated bills.



A. The proposed actions as to both program impact and efficiency evaluations outlined under Tab B must have as an important priority the reduction of regulatory burden.

B. In certain instances, a task force approach will be used (like the FEA oil regulation and OSHA reviews that have already been started).

C. A document delivered to OMB on July 8 by the National Governors' Conference identifies six general problems the Governors believe deserve prompt attention. This initiative was requested by the Administration, and the Administration response should be timely and as forthcoming as possible. Accordingly, the President should receive a proposed response within the next 30 days with August 30 as the target date for response to the Conference.

BACKGROUND PAPER

CONTRACTING OUT  
AND  
HOLDING DOWN OVERHEAD COSTS

This initiative is intended to reemphasize the Administration's policy of maximum reliance on the private sector for goods and services needed to carry out Federal Government activities. This initiative also includes identifying other ways of holding down government overhead costs.

Statement of Problem:

Executive departments and agencies need to pay more attention to implementing the long established policy (prescribed in OMB Circular No. A-76) of maximum reliance on the private sector to supply the government's needs.

Agencies also need to follow the example set by business in working hard at cutting back overhead costs. Government will probably never do as well in this regard as the private sector because (a) the private sector has a much better measurement tool -- profit and loss figures, and (b) in the private sector a firm will go out of business if its competitors produce a better product or service or offer a lower price whereas government is a monopoly. Nonetheless, the government should have as good systems as possible for controlling overhead costs. We are all aware that there are still, for example:

- unnecessary trips being taken,
- computers printing out reports that nobody looks at,
- excess capacity in reproduction and audiovisual equipment,
- unnecessary paperwork piling up in files that never get opened and take up needed floor space,
- inefficient mail practices,
- facilities that are not properly used, and
- too many layers of management between policymakers and the people who actually turn out the work.

Contracting Out. The driving force of our 200-year history has been our private sector, yet over those years there has been an unmistakable trend toward bigger and bigger government. We should rely more on the private sector if we want the economy to continue to grow, thus providing new and better choices for the American people and producing needed goods and services. The President has given this top priority and has initiated several programs to reverse that long-term trend of big government, e.g., as in uranium enrichment.

However, returning activities totally to the private sector is only part of what must be done. Even where the government retains responsibility for the activity, government should pursue contracting out to the private sector the performance of elements of that activity, wherever feasible. Specifically, agency reliance on contracting out has been inadequate as indicated by a conservative estimate (based on agency inventories) that approximately 10,000 commercial and industrial activities are conducted by the government, with a capital investment of \$12 billion and an annual operating cost of \$7 billion. There is some evidence that agency heads have not given a high enough priority to identifying those products and services best provided by private enterprise rather than by in-house personnel. Complaints continue to be received that some executive agencies are directly undertaking many projects that could be performed commercially.

On the other hand, there is evidence of some actions in the right direction. For example:

NASA is contracting for satellite communications services rather than purchasing the satellite and associated equipment.

The Pension Benefit Guaranty Corporation is considering the use of commercial computer services to maintain records on the thousands of retirement programs they must monitor.

This effort toward maximizing contracting out takes on a new dimension with an OMB publication, for issuance sometime around the week of July 12, containing a new Federal retirement cost calculation of 24.8% of direct pay. Currently, a 7% add-on is used in calculating the cost

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of in-house activities. This will drastically affect the relative costs of in-house performance versus contracting out and presents many new opportunities for carrying out the policy of OMB Circular No. A-76.

Overhead Costs. Recently there has been considerable discussion of overhead costs in government. This Administration has emphasized the need to hold down government overhead. Yet little information exists on the actual overhead rates of various programs. Traditional appropriation accounting systems do not ordinarily separate program costs from overhead costs. As a result, we do not know with certainty what our overhead costs are, or what happens to these costs when programs are slowed down or stretched out.

A recent OMB study indicated that as block grants replace categorical grants, Federal administrative costs decline. However, since no systems exist for determining aggregate overhead rates--at the Federal, State, and local level--the study was unable to determine to what extent these reductions are offset by increased State and local costs or whether, conversely, State and local costs are also reduced.

A GSA study that tried to aggregate Federal, State, and local overhead costs for six grant programs indicated that total overhead may represent a significant portion of the costs in some programs. Even small reductions in these rates could produce tremendous savings.

The proposed actions covered in Tabs B and C -- systematic program impact and efficiency evaluations and reductions in paperwork and regulations -- should lead to very substantial reductions in overhead costs. Old programs will give way to better, more easily administered ones, program procedures will be streamlined, less paperwork will be processed, and less regulation will need to be supervised and audited by Federal employees. But even though these kinds of specific efforts have great potential for better government at less cost, there are other categories that may be viewed as overhead or program costs in which there are potential savings. While these categories do not involve the same magnitude of potential savings, they are nonetheless important and will be better understood by the American people:

- ADP practices,
- cash management,
- reproduction equipment,
- audiovisual activities,
- telephone equipment and usage,
- mailing practices,
- office space,
- record storage, and
- use of personnel (see Tab E).

Some agencies have done good work in these areas. GSA, for example, has provided advice to agencies on records storage and disposal that has saved millions of dollars. Agriculture, by improving cash management practices in the Farmers Home Administration, has saved \$20-\$40 million a year in interest costs.

With regard to travel, OMB issued Bulletin No. 76-9 in December 1975, which called on all departments and agencies to develop and implement austere plans to eliminate travel not essential to mission accomplishment and to minimize travel costs. The Bulletin furnished specific guidelines and required agencies to prepare reports of FY 1976 savings resulting from implementation of their revised travel plans. Subsequently, as a result of congressional action, the Bulletin was amended to require a report comparing travel costs for the second half of FY 1976 and the comparable period of FY 1975. Agency reports are to be submitted to the General Services Administration by August 15, 1976.

In the audiovisual area, an interagency Federal Audiovisual Committee currently chaired by the Office of Federal Procurement Policy in OMB is responsible for developing and issuing improved policies governing the procurement of audiovisual products and the management of audiovisual facilities. To date, policies have been promulgated to curtail the use of Federal personnel as performers in audiovisual productions and to require the phase out of in-house motion picture processing facilities. Estimated personnel savings resulting from these policies approach

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In addition, a long term effort is currently underway to eliminate or consolidate some of the 36 audiovisual facilities operated by the Departments of Justice, Transportation, Defense, and Health, Education and Welfare.

### Proposed Actions

#### Contracting Out.

1. Within 30 days after the President's meeting, agencies should submit to OMB an initial plan for increasing their reliance on the private sector to carry out overhead or program functions. Unless very good reasons are given, each agency will be expected to identify at least five functions presently performed in-house that will be put up for private sector bids within 90 days. Agencies will be expected to better these targets, whenever possible.

2. Within 60 days after the President's meeting, agencies should review and revise their implementing instructions and procedures for contracting out (OMB Circular No. A-76) to ensure that all in-house commercial and industrial activities are reviewed and terminated if not justified as an exception to the contracting out policy. Agencies are also expected to tighten the review of proposals to initiate or expand in-house commercial and industrial activities. To assure that such instructions are carried out, systems for periodic review of existing functions and review of new proposals from the standpoint of A-76 should be installed.

#### Overhead Costs.

3. Agencies should set up systems for routinely determining and analyzing overhead costs. This need not involve costly new recordkeeping systems, but could rely instead on cost-finding techniques and special studies.

4. OMB should intensify its review of overhead costs in the budget process, and should provide leadership and assistance to the agencies in setting up overhead analysis systems.

#### Travel.

5. To hold down travel costs:

-- Agency heads should personally review fiscal year 1976 reports of travel savings and accomplishments prior to submission to GSA in August 1976 - to identify areas where greater improvement can be made.

and report to GSA plans to further reduce travel costs in fiscal year 1977. This plan should include a specific and challenging reduction goal and should reemphasize the travel guidelines of OMB Bulletin No. 76-9 (e.g., eliminating nonessential trips and foreign travel, conducting more business by phone, and limiting conference attendance).

- OMB will forward suggested methods and procedures for agency consideration for further controlling travel to assist in the development of this plan. These methods and procedures were identified during the review of agency travel plans and programs by the General Services Administration, earlier this year.

#### ADP Practices.

6. Agencies having substantial ADP investments should organize a program that focuses on:

- reducing the unit costs of data processing,
- eliminating nonessential or marginal computer workload,
- reducing equipment rental through increased competition,
- carefully analyzing the need and methods used for expanding government computer capacity,
- minimizing the automatic computer issuance of inaccurate or unnecessary checks and purchase orders, and.
- strengthening agency ADP management to overcome problems of computer fraud and security.

#### Cash Management.

7. Agencies-- particularly those with significant collection operations, like HUD, Interior, FEA, SBA--should follow Agriculture's lead in modernizing their cash management practices. This would include:

- rapid billing and collecting procedures,
- proper timing of payments, and
- accurate cash forecasting.

Treasury and OMB will assist in these efforts, and, within 90 days after the meeting, submit a report on savings that have been or can be realized.

To reduce the cost of reproduction equipment and record storage agencies should:

Approved For Release 2005/06/06 : CIA-RDP79M00467A003100100011-5

- require most efficient use of reproduction equipment,
- maximize centralized field duplication services, and
- dispose of or retire records to storage in accordance with records control schedules.

GSA should review and reenergize agency efforts in these areas and, within 90 days after the meeting, report to the President on savings that have been or can be realized.

#### Audiovisual Activities.

9. The Departments of Justice, Transportation, and Health, Education, and Welfare are scheduled to report to OMB in July on their plans for consolidating their audiovisual facilities in the Washington, D.C. area. A similar report is scheduled from the Department of Defense in August.

Heads of these Departments should personally review the reports prior to submission to OMB.

In addition--to hold down overall audiovisual costs--all agencies should:

- review existing facilities both in central offices and in the field, and eliminate or consolidate, where possible (keeping in mind available facilities in other agencies and in the private sector);
- establish controls to prevent the acquisition of unnecessary equipment and supplies; and
- use existing Government-owned films, video tapes and recordings in lieu of new acquisitions, where possible.

Within 60 days after the meeting, OMB shall report the results of this effort to the President.

#### Telephone Equipment and Usage.

10. Millions are spent annually on telephone services. There has to be some control placed on the services provided by GSA through the Federal Telecommunications System as well as those services secured by direct telephone contact. Agencies should review their existing telephone equipment and usage to hold down costs and, where appropriate, request GSA assistance in this review. Special attention should be paid to OMB guidance in this area. Reports to OMB on achieved and expected savings will be due within 60 days of the meeting.

Approved For Release 2005/06/06 : CIA-RDP79M00467A003100100011-5



11. To effect cost savings in postal mailings, agencies should:

- issue instructions on the most economical utilization of available services based on the guidelines and handbooks issued by the National Archives and Records Service (NARS),
- provide adequate training for employees to implement the instructions,
- monitor mail practices to insure that mail is sent by the most economical means,
- seek the assistance of NARS and the Postal Service to effect economies in the handling of mail, and
- report to NARS within 60 days, on achieved and expected savings in mail practices.

Office Space.

12. To effect efficiencies in space utilization, agencies should:

- review present space utilization and assure that per person square footage of space is kept to a minimum in keeping with efficient accomplishment of the agencies missions, and
- submit plans to GSA within 30 days.

GSA should:

- review agency space allocation to identify space that could be reclaimed, reassigned or retired from the inventory, and
- rewrite Federal Property Management Regulations within 90 days to reflect new space utilization standards and other requirements growing out of studies and reviews of agencies space needs.

Excessive Layering.

13. (To be specifically addressed in major initiative number 5--Decisionmaking and Departmental Organization.)

PERSONNEL MANAGEMENT

To improve management across the Government, a critical area for initiatives is direction of the people who make up the Federal work force. Virtually all management is personnel management, in one way or another.

## Statement of Problem

Performance of the personnel management function is quite uneven from agency to agency, and improvement initiatives are too few. This not only adversely effects program efficiency but also substantially hurts employee morale.

No central organization, in the Executive Office or elsewhere, can expect to get results merely by issuing directives. Agency heads must set improvement goals and follow up to ensure that they are attained. Although the focal point for this kind of effort is the Deputy or Under Secretary level, the agency head must be sure it gets done.

Five broad personnel management areas have been selected for priority attention:

- identifying and developing personnel having management promise
- improving the quality of the work force
- controlling grade escalation and improving position management
- refining and extending productivity measures, and
- constraining the level of Federal employment

These five large problem areas all have the potential for significant improvements.

Analysis:

Executive Selection and Development--The effectiveness with which Federal programs are managed depends heavily upon the competence and creativity of the career executives who have a large share of the responsibility for carrying them out.

It is essential that agencies have a comprehensive and vigorous system of selection and development, including adequate numbers of able people who are well trained for executive roles. Most agencies do not have such systems. In too many cases, management positions are filled only on the basis of seniority or technical competence, with little attention given to the selectee's ability to skillfully manage the programs involved.

Yet, some agencies have been able to accomplish a great deal. The Internal Revenue Service is widely known for its successful selection and development program. It is essential that all cabinet officials and top career executives recognize the importance of improving the managerial capabilities of their organizations and seeing that comprehensive selection and development systems are established.

Quality of the Work Force--Agencies need to do a continuous job of evaluating employee programs in order to improve the quality of the work force. First and foremost, agency heads must assure themselves that systems are in place that work toward recruiting and hiring only high quality employees. Further, a better and more conscientious job of evaluating employee performance is needed to ensure that the best employees are trained and advanced as rapidly as possible and that unsatisfactory performers are reassigned to jobs they can handle or removed. Greater use of incentives, both tangible and intangible, should be made to encourage and reward the most effective supervisors and managers. Too often, special award selections are done on a mutual "back-scratching" basis from below.

Training programs must receive a closer look to ensure that the right kinds of training are being offered and that the right people are trained, not merely those who can more readily be spared for training. It is far better to train fewer people and to be certain that those who receive the training put it to use and are likely to advance as a result.

Position Management--The President issued a memorandum on position classification and position management to agency heads on May 27. As it pointed out, in the last 15 to 20 years there has been gradual rise in the average grade of General Schedule employees. Much of this is clearly due to technological and other changes in the composition of the Federal work force which are reflected in increased in the proportion of technical, professional, and managerial employees. But it is equally clear that some of this grade escalation is due to deficiencies in position management and classification.

The overall grade level of the Federal work force has remained relatively stable in the last four years. But no department seems to have a consistently good record of totally holding down grade escalation throughout all of its components, grade levels, and occupations. "Grade creep" is a continuing phenomenon which unnecessarily increases the expense of Government, and it must be restrained by a serious reexamination of agency systems for position management and classification with appropriate corrective actions. Each one-tenth of a Government-wide average grade increase costs roughly \$120 million at current GS salary rates.

Productivity Measurement--Yet another aspect of the inadequate attention given to personnel management matters is the failure of some agencies to develop and utilize meaningful productivity measures for judging how effectively organizations and individual managers are performing. Productivity measures have been developed covering approximately 65 percent of the Federal work force. Although it is true that some functions don't lend themselves to productivity measurement, there is still a significant percentage of the work force that should be covered and isn't. It also should be noted that the validity of some of the productivity measures--and the resulting data--is being questioned. OMB is exploring this problem on a continuing basis with the agencies involved.

Several agencies have developed or are initiating substantial improvements in their measurement systems, and attempts are being made to relate the systems to better management control and evaluation. These include the Farmers Home Administration and the Agricultural Stabilization and Conservation Service. Current figures available indicate an average annual rate of productivity improvement of 1.5% since 1967. Certainly this can and must be improved.

Employment Ceilings--In the case of personnel ceilings, three problems need to be addressed:

- During the last several years the Congress has begun, in various ways, to mandate minimum levels of employment for certain programs or organizational elements (e.g., HEW-health programs; Agriculture-Farmers Home Administration; Soil Conservation Service; Interior-National Park Service).
- As demonstrated below, employment levels of some agencies have increased very rapidly over the past 10 years--even when program increases are taken into account;

|                     | HEW     | Justice | Treasury | VA      |
|---------------------|---------|---------|----------|---------|
| June 1966 (actual)  | 99,000  | 33,300  | 90,600   | 169,300 |
| June 1975 (actual)  | 141,800 | 51,000  | 119,300  | 209,100 |
| June 1976 (ceiling) | 150,100 | 53,200  | 123,600  | 222,800 |

- The level of Federal employment must be constrained for budgetary purposes as well as basic Administration policy. Agencies must therefore accomplish their programs within their assigned employment ceilings.

Again the proposed actions covered in Tabs B, C and D have great potential for holding down federal employment through program reforms, reduced paperwork and regulation and more contracting-out, etc. But just plain good personnel practices also are important. For example, success in productivity measurement and improvement can go a long way toward reducing or at least constraining the growth of personnel and meeting ceiling requirements.

Proposed Actions:

1. Agencies must establish and improve comprehensive selection and development systems providing:
  - selection processes which ensure that when management vacancies occur they are filled carefully with the best qualified individuals available;
  - identification of mid-career employees with the greatest managerial potential, and provision of developmental experience to prepare them for future responsibilities;
  - planned training and other developmental opportunities designed to focus incumbent managers' attention on their managerial responsibilities and to enhance their abilities.
2. Each agency will establish or identify one executive selection and development system to serve as a model for stimulating the establishment of comparable systems in all major organizational components.
3. As an immediate part of this long-range and continuing effort, agencies must implement an operational "high potential" identification system and prepare individual developmental plans for a small number of people with the very highest potential.

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4. Agencies will evaluate their work programs in order to identify priority ways of improving overall work force quality. These evaluations will cover the quality of recruitment, the employee performance evaluation process, career advancement, managerial incentives, and training programs.

5. Agencies will begin the careful, systematic reexamination of internal position management and classification systems called for in the President's May 27 memorandum, in accordance with detailed CSC instructions issued July 2.
6. OMB and CSC will specify special reviews or instructions, on a selective basis, in agencies where there seem to be excessive problems of overgrading, duplication of work, or under-utilization of personnel resources.
7. Within 90 days CSC and OMB will submit an initial report to the President analyzing the steps taken or planned by each agency to carry out 1 through 5 above, and will update such report at least quarterly thereafter. Each agency shall cooperate fully in the preparation of such report.
8. Agencies will institute a program to refine existing productivity measurements and extend them to functions not now covered. They should include a progress report on this program as part of their FY 78 budget submission. General guidance and assistance will be provided by the Bureau of Labor Statistics and the National Center for Productivity and Quality of Working Life.
9. Agencies will increase the applied use of productivity measures in supporting staffing and budget requirements and for purposes of management evaluation and control. A Government-wide goal of 2 percent improvement in productivity, in the functions currently measured, will be set between now and the end of FY 77. Each agency should include projected improvements in its calculations for its FY 78 budget request.
10. Agency heads, as a matter of basic operating philosophy and policy, will work toward constraining Federal employment.
11. Agency policy officials will actively oppose Congressional efforts to mandate minimum employment levels for specific programs or organizations.

12. Heads of agencies will take a personal interest in ensuring that Presidential employment ceilings for both full-time permanent and total employment are not exceeded.
13. Agencies will evaluate their current internal systems for administering personnel ceilings to look for better ways to ensure their compliance with those ceilings and flexibility for intra-agency ceiling reallocation. A report on this will be submitted to OMB within 50 days.

BACKGROUND PAPER

DECISIONMAKING AND DEPARTMENTAL ORGANIZATION

The mechanisms and organizations which assist agency heads in the decisionmaking process and in assuring decisions are fully implemented must be improved.

Statement of Problem:

Many agencies do not have the mechanisms which provide an effective decisionmaking environment and mechanism for follow-through for agency heads.

- Systems for establishing measurable and trackable priority objectives still do not exist in many agencies.
- Decisions are too often made without adequate consideration of all the factors that should be taken into account.
- Internal management information systems do not provide accurate, timely, or complete data and, conversely, provide data that are not used and not needed.
- Many agencies do not have a centralized capability to guide, on an unbiased basis, either evaluation of existing programs or consideration of alternatives to current policies and programs, or to follow-up policy decisions to see that they are expeditiously implemented.
- Excessive layers of administrative and managerial personnel may impede the flow of vital information from below or dilute the effectiveness of policy decisions made at higher levels.
- Programs exist for years without direct feedback to agency personnel from the people or businesses impacted by the program.
- The same programs are often audited by Federal, State, and local audit groups. These audits need to be better coordinated to eliminate needless duplication.



Policy and Evaluation Units. Many agency heads find practically all their time is spent in "fire-fighting" matters day-by-day, testifying, dealing with media and giving speeches; little time appears available for thinking about the "big picture" -- what their agencies should be trying to accomplish and how well they are doing it. Some institutionalized system within each agency is needed for identifying goals and priorities for agency heads and other high-level managers within the agencies.

Symptomatic of these problems is the great unevenness of the management by objective efforts among the agencies. Such objectives are supposed to represent the agency head's ideas as to the most important things to be accomplished during a period of time (usually not more than a year or year and a half) -- things that are quantifiable or otherwise measurable to see whether the objective is being met.

At some of the agencies MBOs are virtually non-existent. At others, so-called MBO objectives aren't objectives at all; they are simply goals or missions that aren't quantified. To use a fictitious example: "We will improve education." Other stated objectives are surely of much lesser priority than ones that have been totally omitted. Some of these shortcomings in carrying out the intent of the MBO process is directly attributable to lack of a unit and a system within the agency to assist the agency head in identifying options and priorities on major policy and program matters.

All too often, important policy or programmatic recommendations are brought to the agency head without requisite answers to a number of questions that in any systematic, thorough approach, should be answered. This weakness has been recognized, but only in a symptomatic way, by the imposition of "impact statement" requirements -- by law (environmental) and by executive order (inflation); and there are proposals in Congress for others, e.g., consumer impact statements, paperwork impact statements, etc. But what is really needed is a systematic approach to take into account all relevant factors in the decision-making process. In this connection, the materials attached to this Tab from the President's 1974 National Growth and Development report are well worth reading at this point.

Approved For Release 2005/06/06 : CIA-RDP79M00467A003100100011-5

This kind of thorough approach requires not only a "Decision-making checklist" as explained in the report but also the right kind of management structure to assure use of the checklist. There is no consistent structure -- institutional mechanisms -- for unbiased policy development, evaluation, and monitoring policy execution. While some departments have moved in the right direction by assigning the program analysis and evaluation function to assistant secretaries (Labor, HEW, HUD, USDA, Justice) or to Offices of Planning and Evaluation (Commerce, DOD), there are many others, such as Treasury, which divide evaluation responsibilities among bureaus. When a program manager has evaluation responsibilities, it is difficult for him to provide unbiased evaluations to his superiors up the line.

Even where an agency has the institutional structure on paper, it too often doesn't have it in practice. The job to be done is assisting the agency head in determining priorities, reviewing policy and programmatic proposals received from bureaus, identifying problems and possible solutions that bureaus may not raise, being sure the questions on the checklist are answered, identifying issues that require joint work with other agencies, and seeing to it that the agency head's decisions are carried out. In many instances the agency head simply hasn't made it clear that this is what is wanted. In some cases it's simply personnel inadequate to the job.

There is probably no problem covered in these background papers as important as this one. Unless an agency has a unit to give the kind of unbiased, expert assistance to the agency head that the above discussion envisions, inadequate progress will be made on most of the other actions proposed in these background papers. Agency head involvement in carrying out the action assignments provided in this book is crucial. But his or her time is limited. The main effort must be entrusted to such a unit, whatever it is called.

Public Hearings. Another problem area is that agency decisions tend to be made without adequate opportunity for those outside the Federal Government to be heard. In this Administration there has been growing use of public hearings. Hearings not only produce additional knowledge, possible solutions and a wide range of perspectives reflecting differing priorities, but also:

- a) tend to make the ultimate decisions more acceptable to the people impacted by them, and

problems than a Consumer Protection Agency and than some of the "sunshine" proposals.

"Management Layering." Internal organization of agencies is not usually the subject of systematic and objective review by agencies, and OMB imposes no regular requirement to specifically review their structures. The responsibility for this subject has been left to agencies as part of their basic management function.

In the President's May 27, 1976, Memorandum for the Heads of Departments and Agencies, he specifically identified this problem and requested them to review their organizations.

OMB, in conjunction with several agencies, has started a comprehensive study of supergrade positions with an eye toward possible reduction of management layers. The study was initiated as a result of recent increases in these types of positions. For example, ERDA, which is requesting 46 new supergrade positions, currently has 446 supergrade positions of which 86 are deputies, special assistants, assistants to assistants, or assistants to deputies.

Accounting Systems. Since 1950, only about half of the 286 Federal agency accounting systems subject to approval by GAO have been approved, as required by the Budget and Accounting Procedures Act of 1950. However, of the 148 systems approved by GAO, over 70 percent were approved in the last 7 years, while 19 DOD systems were approved by GAO in 1975. Other agencies, such as State and HEW, continue to have financial management problems which may call for major improvement efforts.

Proposed Actions:

Each agency should:

- Determine the extent to which there is a unit within the agency reporting directly to the agency head which has the mandate from the agency head and the requisite personnel to assist the agency head in carrying out the following in an unbiased manner: (a) determining MBO's, (b) assuring that important decisions are made only after consideration of all relevant factors, including the impact on competing priority goals of the Administration and on programs of other agencies, (c) identifying the need for and guiding

and (f) coordinating all of the foregoing with the agency's budget process.

- . Within 60 days after the meeting, report to OMB on the steps taken and remaining to be taken to establish such a unit. Such steps shall not involve an increase in ceilings or supergrades.
- . Review for possible improvement, the agency's MBO's for FY 1977, and in accordance with OMB guidance to be furnished, submit proposed agency head MBO's for FY 1977 and 1978, as part of the FY 1978 budget process.
- . Promptly include among the agency's MBO's those necessary to carry out the actions directed by the President at this meeting.
- . Develop and insist on utilization of the decision-making checklist approach to decisionmaking. OMB will provide promptly a draft with a request for comments and suggested revisions within 30 days.
- . Review current staffing patterns and structures to identify unnecessary position layering and excessive organizational subdivisions. Develop a plan to consolidate subunits with similar and related functions. Establish guidelines which will be reviewed by OMB for "assistant to" positions, including number per policy official and grade level. Procedures should be established to ensure at least agency deputy level review of proposals to create new subdivisions and "assistant to" positions.
- . Identify the inadequacies and improve the design of all unapproved accounting systems in order to ensure use of modern accounting methods and obtain GAO approval by the end of FY 1977.
- . OMB is to develop procedures whereby each year, in conjunction with budget submissions, each agency will also submit a management plan for the budget year. Such plans will include initiatives to carry out actions directed by the President at the meeting as well as such other management initiatives as appear desirable. Management plans will be reviewed and finalized in the budget process including Presidential appeals where there is disagreement.

HUD system for evaluating  
pieces of programs.

Xerox - \$25M 7000 units  
Can copying be consolidated? Savings effected?

Simplify 10-15% candidates  
for contracting out.  
Don't do in house what can be done externally.

Objectives are more specific  
than statements of intent to improve.